

Message Text

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PAGE 01 LA PAZ 01966 082141Z
ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10
GSA-02 INT-05 SP-02 USIA-06 AID-05 NSC-05 TRSE-00
SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03
INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 ITC-01
DODE-00 L-03 H-01 /138 W
-----022405 082153Z /61

P 082125Z MAR 78
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC PRIORITY 9792
INFO AMEMBASSY BANGKOK PRIORITY
AMEMBASSY JAKARTA PRIORITY
AMEMBASSY KUALA LUMPUR PRIORITY
AMEMBASSY LONDON PRIORITY

C O N F I D E N T I A L LA PAZ 1966

EO 11652: GDS
TAGS: EMIN, ITC, GSA, BL
SUBJ: GSA TIN DISPOSALS AND COPPER ACQUISITION

REF: STATE 05880

1. I WOULD APPRECIATE CLARIFICATION OF SOME OF THE
POINTS MADE IN REFTEL. PARAGRAPH TWO SEEMS TO INDICATE
THAT 5000 LT OF TIN MUST BE SOLD IN FY 1978 I.E., BY
OCTOBER 1, BEFORE ANY TIN SALE REVENUES CAN BE USED TO
PURCHASE COPPER AND THAT 10,000 LT MUST BE SOLD IN FY 1979
BEFORE COPPER PURCHASES CAN BEGIN. WE ARE ALL AWARE OF THE
GREAT DOMESTIC POLITICAL PRESSURES THAT THE GSA WILL BE
UNDER TO BEGIN PURCHASING COPPER AS SOON AS POSSIBLE. ON
THE OTHER HAND, PRESIDENT CARTER HAS ASSURED PRESIDENT
BANZER IN WRITING THAT THE USG WILL NOT DISRUPT THE
INTERNATIONAL TIN MARKET WITH GSA TIN SALES AND I AM
GOING TO REINFORCE THAT POLICY VERBALLY (PARA 6 REFTEL)
WHEN I SEE PRESIDENT BANZER. I
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AM CONCERNED THAT THE RHYTHM OF TIN SALES MAY
BE FORCED BY THE DESIRE TO PURCHASE COPPER. I HOPE THAT
THE TWO OPERATIONS ARE DIVORCED IN A TEMPORAL SENSE AND
THAT SALES OF TIN AND PURCHASES OF COPPER CAN BE CARRIED
OUT WITH REGARD TO CONDITIONS IN THE SEPARATE MARKETS
AND WITH THE HEALTH OF THE RESPECTIVE INDUSTRIES IN MIND.

2. IN DISCUSSIONS WITH BOLIVIAN AMBASSADOR CARLOS ITURRALDE BEFORE HIS DEPARTURE FOR WASHINGTON I LEARNED OF HIS IDEA, THAT THE GOB MIGHT SUPPORT, OF HAVING GSA SELL A FIXED AMOUNT OF TIN PER MONTH OVER A PERIOD OF SEVERAL YEARS. THIS THINKING SEEMS TO ME TO BE SIMILAR TO SOME CURRENT THINKING IN WASHINGTON AND IN OTHER PRODUCER COUNTRIES. IT WILL BE A SHAME TO LOSE A CHANCE FOR A COMPROMISE SOLUTION ON GSA SALES ACCEPTABLE TO EVERYONE BECAUSE WE HAVE BOXED OURSELVES INTO A REQUIREMENT TO SELL TIN AT A FAST PACE TO SPEED COPPER PURCHASES.

3. OUR CONSULTATIONS WITH PRODUCERS AND THE ITC AT THE APRIL MEETING OF THE ITC ARE LIKELY TO REVOLVE AROUND EXACTLY HOW MUCH TIN THE GSA SHOULD SELL PER MONTH. IF WE SELL ABOUT 1,000 LT PER MONTH, THE PRICE OF TIN SHOULD FALL BUT REMAIN AT A SUFFICIENTLY HIGH LEVEL TO SATISFY PRODUCERS. HOWEVER, IF WE ARE FORCED INTO A POSITION OF HAVING TO SELL SIGNIFICANTLY LARGER QUANTITIES, THEN WE COULD BE FACED WITH A TIN PRICE THAT IS FALLING PRECIPITOUSLY. I BELIEVE WE CANNOT AFFORD TO LET THIS HAPPEN.

4. I WOULD LIKE TO MAKE A FINAL POINT IN REFERENCE TO PARA 5 REFTEL. I PRESUME THE GSA ANNUAL MATERIALS PLAN IS LINKED WITH AND NOT SEPARATE FROM THE 45,000 LT AUTHORIZATION IN THE UDALL-DOMENICI BILL. FURTHER, IF THE PLAN ENVISIONS SALES OF TIN IN FY 1978, I HOPE THE AMOUNT

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CONTEMPLATED FOR SALE WILL BE IN KEEPING WITH THE AMOUNT OF TIME LIKELY TO REMAIN AFTER THE SALES PROGRAM IS FINALLY APPROVED AND SALES CAN BEGIN.

5. NOTE: IT APPEARS THAT JAKARTA AND BANGKOK HAVE BEEN LEFT OFF THE DISTRIBUTION FOR REFTEL.

BOEKER

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NNN

Message Attributes

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